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MEMORANDUM FOR: Director of Communications

ATTENTION : Chief, Administration Staff

SUBJECT : [REDACTED] Cable Costs

25X1C4a

REFERENCE : Memo dtd 12 Aug 59 to Asst Compt fr C/Admin, OC, subj:
Communications Services [REDACTED]
Cable Costs, FY 1959

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1. Your analysis of commercial cable costs for Fiscal Year 1959 is

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2. Your statement that the 7 May 1958 budget call for estimates and the proposed budget handbook require a distribution of cable costs to the appropriate CIA components is an erroneous interpretation of those documents. At the time they were issued, the intention was that cables or telegrams handled as "local purchases" would be included in the component's budget and that the Office of Communications would continue, as had been the practice,

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3. We wish to comment, however, that your suggestion of charging the using component with cable costs does fit in with the FMI program of creating a greater cost consciousness throughout the Agency by charging the consumer wherever practicable. We are attempting to conduct experiments and establish a sound cost system with our present personnel and facilities. The new cost program is an additional responsibility requiring much education and work experience that is best accomplished on a gradual basis. You are aware that as a part of our cost experiment two items, printing and books and publications, are being charged to the consumer beginning with Fiscal Year 1960. It is the intent of this Office to add other cost items to the program as soon as experience and capabilities permit. We can assure you that communications costs, which is a more complex costing item, is one of the main items under consideration and the problem will be discussed with you when it appears that satisfactory cost results can be achieved on a reasonable and economical basis.

DOC	11	REV DATE	18 MAY 1961	BY	029725
DATE COMP	38	TYPE	01		
JUST	22	NEXT REV	2011	AUTH	HR 70-2

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4. In the meantime, your Office has budgeted for reimbursable costs in Fiscal Years 1960 and 1961 and will continue to do so until such time as an adequate costing procedure can be developed.



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E. R. SAUNDERS
Comptroller

BD/COMP/CNM/SWR/odb (21 August 1959)

REWRITTEN: COMPT/ERS:epr

Distribution:

- O&I - Addressee
- 1 - Signer
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